



Jeremiah W. (Jay) Nixon, Governor • Sara Parker Pauley, Director

## DEPARTMENT OF NATURAL RESOURCES

[www.dnr.mo.gov](http://www.dnr.mo.gov)

November 7, 2014

**Certified Mail No. 7014 0150 0001 3175 3918**  
**Return Receipt Requested**

David Montgomery, President  
Coastal Energy Corporation  
P.O. Box 218  
Willow Springs, Missouri 65793

### NOTICE OF VIOLATION

Mr. Montgomery,

A compliance inspection of the Coastal Energy Corporation facility, located in Howell County, Missouri was conducted on October 10, 2014 by a representative of the Missouri Department of Natural Resources' Southeast Regional Office. The inspection was conducted to determine compliance with the facility's stormwater permit.

Due to multiple violations observed during the inspection, the department has issued Notice of Violation # 19434SE. Please see the enclosed inspection report for further details.

If you have any questions, or if you would like to meet to discuss a resolution to these violations, please contact Mr. Arthur Goodin at our Southeast Regional Office at (573) 840-9750 or at 2155 N. Westwood Blvd., Poplar Bluff, Missouri 63901.

Sincerely,

SOUTHEAST REGIONAL OFFICE

Jackson L. Bostic  
Regional Director

Enclosures: Report of Compliance Inspection  
Photo Attachment  
Notice of Violation 19434SE

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**REPORT OF COMPLIANCE INSPECTION  
COASTAL ENERGY CORPORATION  
HOWELL COUNTY  
MO0136883  
NOVEMBER 7, 2014**

**INTRODUCTION**

Pursuant to Section 644.026.1 RSMo of the Missouri Clean Water Law, a compliance inspection of Coastal Energy Corporation in Howell County, Missouri, was conducted by a representative of the Missouri Department of Natural Resources' Southeast Regional Office on October 10, 2014.

This inspection was conducted to determine the facility's compliance with Missouri State Operating Permit MO0136883, the Missouri Clean Water Commission Regulations, and the Missouri Clean Water Law. This inspection focused on the condition of the physical components of the facility, discharges from the facility and the condition of the facility's receiving stream. Paperwork, such as the site's SWPPP, inspection reports, training records, etc., was not reviewed. This report presents the findings and observations made during the compliance inspection.

**FACILITY DESCRIPTION/HISTORY**

Missouri State Operating Permit MO0136883 was last issued on March 21, 2012 and expires on March 20, 2017. This permit sets forth effluent limitations, monitoring requirements, and permit conditions, both standard and specific, that the permittee is to follow.

The legal description of the facility is E ½, Sec. 32, T27N, R9W, Howell County. The receiving stream of the facility is the Eleven Point River.

As you can see from the following image captured from Google Earth, the Coastal Energy Corporation permitted area consists of a tank farm and rail spur that stores and handles asphalt and ethanol. The tank farm and rail spur area is surrounded by an earthen berm, the approximate location of which is noted by a brown line in the image. Within the bermed area there is also a great deal of space southwest of the rail spur that is currently being used to store stormwater.

Stormwater collected within the bermed area is permitted to be land applied on a 28 acre vegetated area adjacent to the bermed area. Land application is intended to be conducted with a truck. The approximate location of the land application area is outlined in green on the image, although not all of the land application area is visible due to the scale of the image. More land application area exists to the south.

At the time of my inspection, stormwater had accumulated within the bermed area and was flooding an area approximated by the blue shading in the image below.



## **DISCUSSION OF INSPECTION AND OBSERVATIONS**

Prior to the inspection, I reviewed the files for Coastal Energy Corporation, including the Permit Conditions of Missouri State Operating Permit MO0136883, to familiarize myself with the requirements specific to this facility.

The inspection was conducted during normal business hours. Prior notification of the inspection was not provided. Upon arrival at the facility, I presented my credentials to the facility's receptionist and requested access to the site. I was told by office staff that they were shorthanded that morning and that they would provide an escort when one was available. I informed them that the law, regulations and their permit conditions authorized the department to conduct inspections and that denial of access would be a violation. After waiting over a half hour and having been told multiple times that they did not know when they would be able to escort me to the site, I again informed them of our authority to inspect and asked directly, "Are you denying me access to the site?" When they answered that they would let me in when they had time, I told them that I would wait five more minutes and then begin the process of obtaining a search warrant. My escort arrived within a minute of my making that statement.

Mr. Marty Malkowski escorted me to the tank farm area. The purpose and scope of the inspection were outlined. We began the inspection by driving from the main entrance around the bermed area in a clockwise direction. During the drive, I noted that Coastal had installed a sign at Outfall #001, the drain on the ethanol secondary containment. The valve on this containment's drain was closed at the time of the inspection and the valve handle had been removed. There was no sheen on the water in the ethanol containment and there was approximately three inches of water standing in the containment at the spot I observed.



We then traveled to the bermed area's main pump station, which Coastal had labeled as Outfall #002 with a sign. This pump station, which was actively pumping during my inspection, was pumping stormwater from the area northeast of the tank farm and rail spur to the southwest side of the bermed area.

Mr. Malkowski and I then traveled to the southeast corner of the bermed area, near the end of the rail spur. At this time, I noted that stormwater was flowing over the berm in this area. During EPA's July 10, 2014 inspection of the site, it was noted that there was a pipe through the berm and a valve in this location. Mr. Malkowski informed me that the pipe and valve, along with the three other pipes through the berm, had been removed about two weeks ago. I did not see any evidence of the pipe at this point and I did observe that some earth work had been done and that silt fence had been installed near the disturbed area.

We then crossed the rail spur and continued to the small bridge over the tributary to the Eleven point that runs along the southwest side of the bermed area. Stormwater was flowing over the berm at this point as well. Stormwater was also flowing over the bridge, but Coastal had constructed a small gravel berm at this point that was directing stormwater into the adjacent land application area. As Mr. Malkowski and I continued along the berm, I noted that the three pipes that were noted in the berm during EPA's July inspection of the site had been removed. Each of the areas where the pipes were removed were stabilized and had silt fence installed downstream of the disturbed area.

Rounding the corner at the northwest end of the bermed area, I noted that there was a gasoline powered water pump sitting in the middle of the bermed area. Mr. Malkowski told me that the pump was being used to move water from the main part of the bermed area, which was currently discharging, to a small part of the bermed area at the extreme northwest end which would not contribute to the discharge at the southeast end.

Having circled the facility, Mr. Malkowski and I observed the secondary containment for the facility's diesel storage tank. There was a wispy silver sheen on the surface of the stormwater in that containment. The valve on the diesel containment drain was closed and its handle had been removed.

Mr. Malkowski and I then returned to the end of the rail spur at the southeast end of the bermed area. I collected samples and field measurements at the two discharge points noted during my initial tour of the facility.

Following the collection of samples, I conducted a short closing meeting with Mr. Malkowski and Mr. Carl Roberts, representative so Coastal Energy Corporation, Ms. Brandy Henderson with Environmental Works, Coastal's consultant and Rep. Shawn Rhoades who had arrived at the site toward the end of my inspection.

After the closing meeting, and with the permission of Mr. Malkowski, I drove across the bridge across the tributary to the Eleven Point River on the southwestern edge of the facility's berm and continued along a gravel road on Coastal property to low water crossing that was observed during EPA's July 2014 inspection. I noted that some earth work had been done around the low water crossing and that erosion control blankets and silt fence were installed in this area. This was also my first opportunity to observe the facility's receiving stream, which is not readily visible within the bermed area due to vegetation. The Eleven Point River at the time of my inspection was several feet deep in what is a dry stream during periods when it is not raining.

The water in the stream was brown in color. I did not note any sheen or odor characteristic of petroleum.

### **WATER QUALITY MONITORING**

The appropriate sampling materials were taken on the inspection, including a copy of the Missouri Department of Natural Resources' Standard Operating Procedures for Sampling. Instruments for field monitoring were taken on the inspection that were capable of testing pH and temperature. Two samples were collected and transported to the department's Environmental Services Program laboratory for analysis. The results of that analysis are represented in the following tables.

<b>Discharge Point 1</b>						
<b>Results of Sample Analyses</b>			<b>Permit Limits</b>			
<b>Parameters</b>	<b>Sample Result</b>	<b>Units</b>	<b>Daily Max</b>	<b>Weekly Average</b>	<b>Monthly Average</b>	<b>Units</b>
Ethylbenzene	<0.5	µg/L	0.32		0.32	mg/L
Oil and Grease	<2	mg/L	15		10	mg/L
Total Petroleum Hydrocarbons	<500	µg/L	10		10	mg/L
pH	8.0	SU	6.5-9.0		6.5-9.0	SU
Ethanol	<5	mg/L	Monitoring Only			°C

<b>Discharge Point 2</b>						
<b>Results of Sample Analyses</b>			<b>Permit Limits</b>			
<b>Parameters</b>	<b>Sample Result</b>	<b>Units</b>	<b>Daily Max</b>	<b>Weekly Average</b>	<b>Monthly Average</b>	<b>Units</b>
Ethylbenzene	<0.5	µg/L	0.32		0.32	mg/L
Oil and Grease	<2	mg/L	15		10	mg/L
Total Petroleum Hydrocarbons	<500	µg/L	10		10	SU
pH	8.	SU	6.5-9.0		6.5-9.0	SU
Ethanol	<5	mg/L	Monitoring Only			°C

As you can see from the sample results, there were no exceedances of numerical effluent limitations due to the samples collected during this inspection.

## **COMPLIANCE DETERMINATION**

This facility was found to be in noncompliance with the Missouri Clean Water Law, the Clean Water Commission Regulations, and Missouri State Operating Permit MO0136883, based upon the observations made at the time of the inspection.

## **UNSATISFACTORY FEATURES**

1. The facility was discharging stormwater at the time of the inspection.

During the inspection, I observed stormwater overflowing the facility's earthen berm at the southeast end of the bermed area. Stormwater on the northeast side of the rail spur was discharging into the Eleven Point River. Stormwater on the southwest side of the rail spur was discharging into an unnamed tributary to the Eleven Point River. Discharges from the bermed area would be considered a discharge from outfall #002.

Special Condition 1 of the facility's permit states "Outfall 002 may only discharge if rainfall exceeds the 1 in 10 year (Data taken from the Missouri Climate Atlas) or the 24 hour, 25 year (Data taken from the NRCS Urban Hydrology for Small Watersheds) rainfall events. Discharge for any other reason shall constitute a permit violation and shall be recorded in accordance with Standard Conditions, Part 1, Section B.2.b..., "

Coastal Energy Corporation does not have a weather station or rain gauge onsite. Mr. Malkowski informed me that they use weather data from the Pomona, MO airport. The National Weather Service weather station at the Pomona airport (KUNO), approximately 7 miles southwest of Coastal Energy Corporation, recorded 3.28 inches of precipitation on October 10, 2014, the day of my inspection. Over the previous 365 days, the same weather station measured 38.87 inches of rainfall.

The 24 hour, 25 year rainfall event for the Willow Springs area appears to be approximately 6.0 inches, as delineated in the NRCS Urban Hydrology for Small Watersheds document. The 1 in 10 year rainfall event for the Willow Springs area appears to be approximately 58.0 inches as delineated in the Missouri Climate Atlas.

As the rainfall event the day of the inspection and the total rainfall for the year preceding the inspection did not exceed the design rainfall events referenced in the permits, Coastal Energy Corporation was discharging from Outfall #002 at the time of the inspection in violation of the special conditions of Missouri State Operating Permit (MSOP) number MO-0136883 [Section 644.076.1, RSMo].

**Required Actions:** Coastal Energy Corporation must, within fifteen (15) calendar days of receipt of this report, reply in writing what they believe to be the cause of this violation and what steps they are going to take to prevent the violation from reoccurring.

2. Coastal Energy Corporation has failed to report the discharge from its facility as required by the conditions of its permit.

Special Condition 1 of the facility's permit states "Outfall 002 may only discharge if rainfall exceeds the 1 in 10 year (Data taken from the Missouri Climate Atlas) or the 24 hour, 25 year (Data taken from the NRCS Urban Hydrology for Small Watersheds) rainfall events. Discharge for any other reason shall constitute a permit violation and shall be recorded in accordance with Standard Conditions, Part 1, Section B.2.b..., "

Standard Conditions, Part 1, Section B.2.b states, "Twenty-four hour reporting. The permittee shall report any noncompliance which may endanger health or the environment. Any information shall be provided orally with 24 hours from the time the permittee becomes aware of the circumstances. A written submission shall also be provided with five (5) days of the time the permittee becomes aware of the circumstances. The Department may waive the written report on a case-by-case basis if the oral report has been received within 24 hours."

Coastal Energy Corporation did not notify the department of this discharge orally before my inspection. They also did not follow up with a written notification within five (5) days of the discharge. As of the date of this report, no such notification has been received by the department. By failing to make this required notification, Coastal Energy Corporation has violated of the standard conditions of Missouri State Operating Permit (MSOP) number MO-0136883 [Section 644.076.1, RSMo].

**Required Actions:** Coastal Energy Corporation must, within fifteen (15) calendar days of receipt of this report, reply in writing indicating what they believe to be the cause of this violation and what steps will be taken to prevent the violation from reoccurring.

### **RECOMMENDATIONS:**

Coastal Energy Corporation should continue to work with the Water Protection Program, Water Pollution Control Branch, Enforcement Section and the Missouri Attorney General's Office to resolve any outstanding violations of the Missouri Clean Water Law, associated regulations and the conditions of its Missouri State Operating Permit.

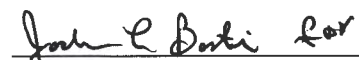
### **COMMENTS**

If there are any questions concerning this report, please feel free to contact me at 2155 N. Westwood Blvd., Poplar Bluff, Missouri 63901 or at (573) 840-9750.

SUBMITTED BY:

  
\_\_\_\_\_  
Arthur Goodin, CHMM  
Chief, Water Pollution Control Unit  
Southeast Regional Office

REVIEWED BY:

  
\_\_\_\_\_  
Jack D. Baker  
Chief, Water Section  
Southeast Regional Office





**Photo:** 001  
**By:** Arthur Goodin  
**Facility:** Coastal Energy Corporation  
**Permit:** MO0136883  
**Location:** Howell County  
**Description:** Water discharging over the facility's earthen berm at the *Discharge 1* location, near the southeastern corner of the property.  
**Date:** 10/10/2014  
**Program:** WPC Unit



**Photo:** 002  
**By:** Arthur Goodin  
**Facility:** Coastal Energy Corporation  
**Permit:** MO0136883  
**Location:** Howell County  
**Description:** View looking northwest from the end of the rail spur. Note the flooding inside the bermed area.  
**Date:** 10/10/2014  
**Program:** WPC Unit



**Photo:** 003  
**By:** Arthur Goodin  
**Facility:** Coastal Energy Corporation  
**Permit:** MO0136883  
**Location:** Howell County  
**Description:** Water discharging over the facility's earthen berm at the *Discharge 2* location, near the southeastern corner of the property.  
**Date:** 10/10/2014  
**Program:** WPC Unit





**Photo:** 004

**By:** Arthur Goodin

**Facility:** Coastal Energy Corporation

**Permit:** MO0136883

**Location:** Howell County

**Description:** Water at the top of the facility's earthen berm. Photograph taken on the berm at the southern edge of the facility, facing east.

**Date:** 10/10/2014

**Program:** WPC Unit



**Photo:** 005

**By:** Arthur Goodin

**Facility:** Coastal Energy Corporation

**Permit:** MO0136883

**Location:** Howell County

**Description:** View of flooding inside the bermed area. Taken at the same location as photo 004 but facing north.

**Date:** 10/10/2014

**Program:** WPC Unit



**Photo:** 006

**By:** Arthur Goodin

**Facility:** Coastal Energy Corporation

**Permit:** MO0136883

**Location:** Howell County

**Description:** Water discharging into the southern half of the bermed area. This water is being pumped from the main pump station labeled Outfall #002.

**Date:** 10/10/2014

**Program:** WPC Unit



**Photo: 007**  
**By: Arthur Goodin**  
**Facility: Coastal Energy Corporation**  
**Permit: MO0136883**  
**Location: Howell County**  
**Description: Northeast corner of the ethanol containment marked Outfall #001.**  
**Date: 10/10/2014**  
**Program: WPC Unit**



**Photo: 008**  
**By: Arthur Goodin**  
**Facility: Coastal Energy Corporation**  
**Permit: MO0136883**  
**Location: Howell County**  
**Description: Main pump station on the northeastern side of the bermed area. Marked as Outfall #002.**  
**Date: 10/10/2014**  
**Program: WPC Unit**



**Photo: 009**  
**By: Arthur Goodin**  
**Facility: Coastal Energy Corporation**  
**Permit: MO0136883**  
**Location: Howell County**  
**Description: Site of recent dirt work near the Eleven Point River. Photograph taken at the water's edge of the low water crossing, looking uphill to the northwest.**  
**Date: 10/10/2014**  
**Program: WPC Unit**





**Photo:** 010

**By:** Arthur Goodin

**Facility:** Coastal Energy Corporation

**Permit:** MO0136883

**Location:** Howell County

**Description:** Photograph of one of the locations where a discharge pipe had been removed from the earthen berm at the southern edge of the facility. Note the sediment and erosion controls. Also note the color of the receiving stream.

**Date:** 10/10/2014

**Program:** WPC Unit



**Photo:** 011

**By:** Arthur Goodin

**Facility:** Coastal Energy Corporation

**Permit:** MO0136883

**Location:** Howell County

**Description:** View looking upstream on the Eleven Point River at the low water crossing.

**Date:** 10/10/2014

**Program:** WPC Unit



**Photo:** 012

**By:** Arthur Goodin

**Facility:** Coastal Energy Corporation

**Permit:** MO0136883

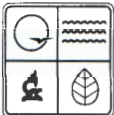
**Location:** Howell County

**Description:** Temporary gravel berm constructed by Coastal on 10/9 to divert water flowing over the earthen berm.

**Date:** 10/10/2014

**Program:** WPC Unit





MISSOURI DEPARTMENT OF NATURAL RESOURCES  
**NOTICE OF VIOLATION**

REGION/PROGRAM  
☐ KC ☐ NE ☒ SE ☐ SL  
☐ SW ☐ DW ☐ HWP ☐ APCP  
☐ LRP ☐ SWMP ☒ WPC

VIOLATION NUMBER

No. 19434SE

DATE AND TIME ISSUED

November 7, 2014 1000 hrs.

☒ AM

☐ PM

SOURCE (NAME, ADDRESS, PERMIT NUMBER, LOCATION)

David Montgomery, President  
Coastal Energy Corporation  
1 Coastal Drive  
Willow Springs, Missouri 65793  
Permit # MO0136883

MAILING ADDRESS

P.O. Box 218

CITY

Willow Springs

STATE

MO

ZIP

65793

NAME OF OWNER OR MANAGER

David Montgomery

TITLE OF OWNER OR MANAGER

President

COUNTY

Howell

LAW, REGULATION OR PERMIT NUMBER

Missouri Clean Water Law sections RSMO 644.076.1,

Missouri State Operating Permit number MO0136883

DATE(S)

October 10, 2014

TIME(S)

1130 hrs

NATURE OF VIOLATION

Coastal Energy Corporation is discharging stormwater and has failed to report this discharge which is a violation of Missouri Clean Water Law RSMo 644.076.1 and the conditions of Missouri State Operating Permit MO0136883.

SIGNATURE (PERSON RECEIVING NOTICE) CERTIFIED NUMBER

Sent Certified Mail

SIGNATURE (PERSON ISSUING NOTICE)

NAME, TITLE OR POSITION

David Montgomery, President

NAME, TITLE OR POSITION

Arthur Goodin, Water Pollution Unit Chief

MISSOURI DEPARTMENT OF NATURAL RESOURCES, P.O. BOX 176, JEFFERSON CITY, MO 65102

MO 780-1647 (12-11)

DISTRIBUTION: CENTRAL OFFICE, REGIONAL OFFICE, SOURCE